

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4779-01
Bill No.: SB 1312
Subject: Taxation and Revenue; Property, Real and Personal; Kansas City; Education,
Elementary and Secondary.
Type: Original
Date: March 15, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	\$0	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	Unknown	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the legislation would require the newspaper printing facility locating in Kansas City to pay property taxes equal to the state tax abatement it received for locating in the development zone. DOR assumes the proposal would have no fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there is no material statewide impact. However, for the district in which this newspaper printing facility is located, this proposal requires a payment in lieu of tax to be made to the school district. Section 163.031 (formula statute) identifies payments in lieu of taxes as a deduction when determining the amount of state money a district will receive. A district might receive a payment in lieu of tax during one fiscal year, then that revenue becomes a deduction in the next fiscal year's calculation of state aid due the district. There is no net increase in money for the district.

The statewide impact is that as deductions in the formula increase, the required state aid decreases. It does not appear that this proposal would materially reduce the statewide state aid requirement.

ASSUMPTION (continued)

Officials from the **Department of Economic Development** state this bill would have no fiscal impact on their agency. It would require the local Kansas City newspaper (new printing facility) to make payments in lieu of taxes (PILOT) to certain local taxing jurisdictions as part of their 353 Redevelopment agreement with the city.

Officials from the **City of Kansas City**, the **Kansas City Missouri School District** and **Jackson County** did not respond to our request for fiscal impact.

Oversight assumes the payments in lieu of taxes to the Kansas City School District would result in a corresponding decrease in state aid in the following year. Oversight will show this as a savings to the General Revenue Fund in fiscal years 2006 and 2007. Oversight assumes the payments in lieu of taxes to the Kansas City School District in FY 2006 and FY 2007 will be roughly equal to the reduction in state aid, thereby creating no fiscal impact to the school district in those years.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE			
<u>Savings</u> - reduction of funding distributed to the Kansas City School District	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>Unknown</u>	<u>Unknown</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2005 (10 Mo.)	 FY 2006	 FY 2007
KANSAS CITY SCHOOL DISTRICT			
<u>Income</u> - payments in lieu of taxes from 353 redevelopment corporation	Unknown	Unknown	Unknown
<u>Loss</u> - reduction in state aid	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE KANSAS CITY SCHOOL DISTRICT	<u>Unknown</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal requires a payment in lieu of tax to a school district within the area of the redevelopment plan by any chapter 353 property tax abatement project in Kansas City that involves a newspaper printing facility.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Elementary and Secondary Education
Department of Economic Development

NOT RESPONDING:

City of Kansas City
Kansas City Missouri School District
Jackson County



Mickey Wilson, CPA
Director
March 15, 2004